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SUBJECT: SERBIA: EXPERIENCE ENGAGING DIASPORA COMMUNITY

REF: STATE 86401

SUMMARY

1. (U) The Serbian diaspora community in the United States is geographically disparate and not unified on policy issues. The community has not yet made substantial investment in Serbia or been successful in interacting with the host country on political issues. End Summary.

SERBIAN DIASPORA COMMUNITY

2. (U) The Serbian diaspora in the United States is diffuse, except for concentrated communities in Chicago, Cleveland, Pittsburgh and Los Angeles. Official figures put the number of Serbs in the United States at 600,000, but unofficial estimates are as much as 1 million. The Serbian Unity Congress (SUC), headquartered in Washington, DC, is the largest diaspora organization. The SUC maintains a regular newsletter and a Facebook group. There are also several organizations focused on Serb-American business: The U.S.-Serbia Business Council, Serbian-American Business Council of New York, and the Serbian American Chamber of Commerce. The Serbian Orthodox Church plays an important role in maintaining the cultural heritage of the Serbian diaspora. In Washington, information is shared through online groups such the Yahoo group "DC_Balkan," which has approximately 300 members.

3. (U) The diaspora community engages with the host country through financial support from remittances and through direct participation in country affairs. In 2008, remittances from the Serbian diaspora amounted to an estimated 11% of GDP, and in 2009 remittances are expected to reach \$5 billion. Serbian diaspora members also seek to influence Government of Serbia (GOS) policy on restitution of property seized after WWII by the communist regime and Kosovo issues (both cultural preservation and Serbia's opposition to its independence). The GOS recently passed a Planning and Construction Law, which effectively closes the door on in-kind restitution, despite strong opposition from international restitution claimants. Some Serbian diaspora members have also advocated that the GOS take a constructive approach to Kosovo issues and focus on Serb minorities living in the area. In that vein, the Serbian Orthodox Church in North American has engaged in humanitarian relief efforts related to Serbian refugees coming from neighboring states in the aftermath of ethnic conflicts that engulfed the region.

BUSINESS TIES

4. (U) Despite large remittances to Serbia, the diaspora has not yet made substantial, targeted investments in Serbia. The Ministry of Diaspora (MOD) claims that since 2000, Serbian diaspora members have invested more than \$500 million in 380 Serbian companies which employ 10,000 people, but this data cannot be confirmed. Many diasporans have scientific backgrounds and are looking to increase ties between scientific institutions, but these efforts are not yet on a large scale. Some members of the scientific community are filtering back into the country (after leaving to avoid conflicts in the 1990s) and

starting businesses, but these have generally been individual efforts.

¶5. (U) Three primary reasons explain lackluster diaspora investment in Serbia: poor investment climate, diaspora investor mistrust of local beneficiaries, and lack of contacts. Both the World Bank's "Doing Business" guide and the World Economic Forum Global Competitiveness report score Serbia low on investment climate compared to Serbia's neighbors. In addition, post believes that the mistrust by diaspora members (stemming from several high profile investments by diaspora investors held up in legal battles) is the prime impediment to larger scale investment. However, this mistrust is mutual and local beneficiaries are also skeptical of promises made by potential investors because prior commitments by diaspora investors have not been realized. Finally, most unsolicited requests post receives from the diaspora community are requests for contacts, indicating that the diaspora community lacks their own network in Serbia. Post believes that there are opportunities for cooperation with the diaspora and continues to explore ways to encourage possible investment efforts.

SERBIAN GOVERNMENT OUTREACH

¶6. (SBU) The Serbian government created a Ministry of Diaspora (MOD) in 2004 to reengage the diaspora to support political, economic and cultural efforts. The current Minister of Diaspora, Srdjan Sreckovic, is vice president of Vuk Draskovic's Serbian Renewal

Movement (SPO), and takes a pragmatic, pro-Europe approach to policy issues. However, MOD administration tends to be more nationalistic, causing a divide in the Ministry. Given the somewhat fractious political nature of diaspora communities and the history of GOS-diaspora relations, the Ministry has so far not been as successful in mobilizing diaspora groups to support its initiatives.

¶7. (U) Indications of MOD strategy and priorities for relationship building with diaspora community can be found in the Bill on diaspora and Serbs in the Region (expected to be passed by Parliament in October), although MOD is hesitant to discuss specific strategy until after the bill passes. The bill addresses legal issues, better direction of remittances into Serbia, preservation of cultural identity and funding for diaspora organizations. In addition, the bill proposes a Council for Serbs in the region, suggesting a holistic approach to Serbian communities in neighboring countries.

US GOVERNMENT OUTREACH

¶8. (SBU) Several sections at post have made efforts to reach out proactively to diaspora community members. USAID has made presentations on US assistance to diaspora groups, sought ways to partner with Serbian-American business owners and has used its ongoing activities to bring Serbian-American technical experts to Serbia. Study tours and trade show participation in the United States usually include meetings with Serbian diaspora business people. In addition, Foreign Commercial Service participated in an Information Technology summit held by SUC this spring. FCS assisted by counseling SUC how best to proceed, finding a speaker, and sending a domestic representative to attend. FCS observed that SUC lacked the capacity to recruit entities outside their membership for commercial events. SUC needed to strengthen its management and institutional capacity to become a more effective diaspora organization to influence policy and investment in Serbia.

COMMENT

¶9. (SBU) The disparate interests and experiences of the Serbian diaspora has limited the communities' ability to organize around common interests both in Washington and in Serbia. The diaspora community could play a constructive role in advancing Serbia's economic and political development, but without further coalescing of diaspora interests the efforts will remain isolated. End Comment.
PEDERSON